

# NEWSPAPER INSURER PRESS ISSUE №13 (16 - 30 July 2008) WITH AN ACCENT PUT ON THE HIGHLIGHTS, HOT TOPICS AND COMMENTS

**D**ear readers, in the overview of issue no 13 of the newspaper „Insurer Press“ we put an accent on the highlights and hot topics news and events. We make you acquainted with the analyses and thoughts expressed by the leading insurers and also keep you informed about all that happened within the period between the last two issues of the newspaper.

Happy new returns and best wishes to all who celebrate their birthday! Let's wish all lots of love, good health and happiness to our contributors, friends and well-wishers!

Under the regular heading „Between two issues“ on page 2 a place is given to the news from the Financial Supervision Commission (FSC).

Page 2 also offers hot news and information from the last events in the field of insurance. First is coming the information that the new requirements for the range of the Motor Third Party Liability (MTPL) insurance are round the corner. They will be stipulated in the amendment of the Ordinance on Exchange of Information between the Guarantee Fund and Ministry of Internal Affairs. At the moment the range seems a little bit expanded - from 82-83% - up to 83,6% recently. The numbers was read by the deputy chairperson of FSC, Head of Insurance Supervision Directorate, Mrs Ralitsa Againe before the Council for European Affairs (more details - in issue №14).

On the same page and with continuation on the page 19 we inform you that FSC PROPOSES INTRODUCTION OF A NEW MULTIFUND SYSTEM. The project is developing further and improving the supplementary retirement provision activity in the country.

On pages 2 and 19 is the information about the changes in the management of Generali Bulgaria Holding (GBH). The Supervisory Board of GBH has decided on a change in the management of the GBH as of 3 July 2008. Daniela Konova has left position of CEO and Chairman of the Management Board of GBH. Generali PPF Holding, the majority shareholder of GHB, intends to appoint Stepan Popelka (38) as new CEO and Chairman of the Board of GBH after successful completion of the relevant administrative procedures. A short professional resume of Mr. Popelka is carried on page 19.

Pages 2 and 19 you can find the information that July 1-5, the **Financial Supervision Commission** and Ministry of Education and Science conducted for the sixth time the educational program „Non-banking Financial Sector in Bulgaria“ for students from the secondary Professional Schools in Economics in the country.

On page 3 is reflected the National Conference of DZI, held on 3rd nad 4th July in Plovdiv. The conference was intended to present to all attendants the 3-years strategic plan of DZI. The content is shortly explained by „DZI - the reference standard on the Bulgarian insurance market“. The goal is yet the same - the leadership position of **DZI**.

The conference shortly reported the last achievements as from 3rd August 2007 when **KBS** acquired 70% of **DZI**. There are

some changes in the organizational structure of the Central Directorate of DZI. The other, very important thing that was reported for this quite a short period of time was the newly started promising bank-insurance business in partnership with **EI Bank**. The start was made by the development of new insurance products in the field of general and life insurances. The start of this type of insurance is planned for 1st October.

The insurance Code imposed a change of the names of the two companies The Insurance and Re-insurance Joint-Stock company DZI (Life) changed its firm to **Insurance Joint Stock Company DZI**. The Insurance and Re-insurance Joint-Stock company DZI-General Insurance already brings the firm **General Insurance DZI JSC**.

DZI already has an Advisory Council, chaired by Nedialko Chandarov.

On page 4 and 7 we continue the publishing of the materials of the Seventh National Conference with international participation. The material of Yoanna Stephanova is bringing the pretentious heading „ABOUT THE BABYLON TOWER, THE POLYPHONY AND THE DIVERSITY IN THE INSURANCE“ and sub-heading „Why do we have the lowest insurance penetration within the EC and how to get it increased?“ The conference was opened by Dimitar Zhelev, holder of the last year award (for the year 2007) bestowed by Professor Veleslav Gavriiski Foundation for his contribution to the Bulgarian insurance business. Followed the welcoming speeches of Atanas Kanchev, Deputy Minister of Finances, the Rector of the High School of Insurance and Finance and Ralitsa Againe.

There is carried the talk of the first lecturer - Rangham Bhir, Vice President of Allianz New Europe, Munich, Germany. The theme of his lecture is „The challenges before the insurance markets in South-Eastern Eu-



rope“.

On pages 6 and 7 we carried our regular heading „Analyses“. This time you can found the analyses of the activity accountings of the insurers and the companies of the voluntary Health Insurance, toward April, 2008, generalized and published

on the page of FSC [www.fsc.bg](http://www.fsc.bg).

And some more information from the conference. We publish some materials of the work of the conference per sections. The section, working on the Challenges before the functioning of the social security systems in Bulgaria, presided by Doctor Nikola Abadzhiev, President of the Bulgarian Association of Complementary Pension Companies (BACPC). Lectures delivered also Bisser Petkov, Milen Markov, dr Vassil Vladimirov, senior ass. Dr. Ilko Krastitelski, prof. Dr. Med.Sc. Miroslav Popov and other lecturers and scientists.

Stanislav Dimitrov, General Executive Director, Pension Security Company DSK-RODINA JSc, examined the main challenges before the Supplementary Voluntary Pension Provision. In his presentation Milen Markov, Chairman of Investments and Capital Markets Committee of BASPSC, dwelled upon the introduction of the Multifund System in the Supplementary Pension Provision in Bulgaria.

On pages 6 and 7, under „Analyses“ you can read the analyses of the Voluntary Health Insurance for the first four (January-April) months of 2008.

The main conclusions are that the biggest share in the non-life premium income is again for the motor insurance business - 70,6% of the Non-life premium income. The leading place in premium income of life insurance category products is for the annuity life policies, while the Voluntary Health insurance has fallen by 11%.

The non-life written premium income is BGN 476,752 thousand, and life written premium income BGN8,090 thousand. The growth compared to the same period of the last year is 22,4% and 26,6%, or in total for the insurance sector - 23,1%.

On pages 8 and 17 Petar Andassarov reflects the first workshop of the management of Bulstrad with the representatives of the media, developing thoroughly making extended analyses of the problems of the insurance and the assurance. The new wonderful idea is for such workshops to be held twice a year (Cafe Matinee).

On page 10 under the regular column „**Look back, Look forth**“, Dancho Danchev, Chair-

erated by insurance activity. The company is profiting mostly from the already six year conducted policy of strict, precise and accurate payout of the compensations to the clients. Regarding the MTPL insurance Mr. Danchev shared that to his regret, in Bulgaria the premium income is generated mostly by use of low prices, high commissions and attractive bonuses. He thinks that this problem must be paid particular attention and the Financial Supervision Commission shall make an extended analysis of the method used by some companies to generate high profits exactly from this type of insurance. Dancho Danchev also expressed his personal opinion that Mrs. Ralitsa Againe shall keep her position of Insurance Supervisory Manager.

On page 11 we continue the publication of the articles of the **reader doctor Ivanka Boneva** on the theme „**The Risk Management - the guarantee for security and prosperity of the small companies**“. The previous articles treated the problems of the General concept for risk management as grounds to describe the nature of the different types of risks management, the risk situation and the risk circumstances. Mrs. Boneva also pointed out the three main problems upon whose answers depends the decision for implementation of Risk management. This article examines this decision making process.

Pages 12 and 13 are devoted to a nice holiday. **Efco Group** celebrates its first anniversary and reported its first successes. Angel Kraichev - Chairman of the board of directors of Efco Group emphasizes that the effective financial consulting is one of the biggest challenges of today.

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On page 16 we continue the publishing the materials from the Catastrophe insurance workshop hosted by the World Bank on 27 May this year. We remember you that at this workshop were presented different approaches for the development of Catastrophe risk market in Bulgaria.

In his presentation Luka Dokov, Doctor Honoris Causa at High School of Insurance and Finance, one of the main initiators of the idea for creation of Catastrophe pool in Bulgaria, pointed out that the question that is on the agenda of today has ripped over the

last eight years and now it is imminent for the society, the politics and the statesmen: how to cope with situation at the occurrence of catastrophe event and what preventive activities we must undertake in order to reduce its destructive power and the consequences thereof.

In the end of his report Mr. Dokov drew the general conclusion that the problem cannot be fully resolved unless the participation of the state.

On page 17 under the column „Document“ you can find published the letter of Svetla Nestorova, **Chair person of the Board and Executive Director of Insurance company Bulstrad Life**.

The letter is addressed to Mr. Todor Kazandzhiev, Chairman of the Life-Insurance Commission of the Association of Bulgarian Insurers.

„**By this letter I would like to seize the Life Insurance Commission of the of the Association of Bulgarian Insurers about the range of Insurance Claims Security Fund regulated by the Insurance Code.**

**It is remarkable that from the coverage of Section VI, „A“ of the Insurance Code are excepted the insurers from another state-member, conducting activities in Republic of Bulgaria under the conditions of the right of free establishment or free provision of services. The fact that these insurers do not make any contribution to the Security fund is putting in disadvantage the insurers that are making such contributions“.**

Under „**In the county**“ on page 21, in the article „**USA ARE TO RESHAPE THEIR HEALTH INSURANCE**“, **Iva Ivanova is noting:**

„**One way or another Americans must change their Health**

**Insurance System. This is because the old one is totally damaged. Today in USA there are more than 47 million non-insured and the expenses are out of control“.**

We are finishing our overview with a happy event - the official opening of the new building of UNIQA Bulgaria. Respect, Quality, Flexibility, Correctness and Unity are the secrets of success that brought UNIQA to the top (page 24).

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